

Message Text

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ACTION EB-11

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEAE-00 OMB-01

SWF-02 AF-10 ARA-16 EA-11 EUR-25 NEA-14 OIC-04 XMB-07

OPIC-12 DRC-01 /268 W

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TO SECSTATE WASHDC 7196

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DEPARTMENT PASS TO ALL DIPLOMATIC POSTS

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: MTN: TRADE NEGOTIATIONS COMMITTEE

MEETING JULY 17-18

BEGIN SUMMARY. IN EXCEPTIONALLY SMOOTH MEETING MARKED BY COOPERATIVE ATMOSPHERE AND ABSENCE OF CONFRONTATION ON ANY SIGNIFICANT ISSUE, TNC AGREED ON WORK PROGRAM FOR SEPT-OCTOBER PERIOD AND NOTED DIR GEN LONG'S INDICATIVE LIST OF ITEMS TO BE ADDRESSED IN THE FALL AS USEFUL BASIS FOR PREPARATION FOR NEGOTIATIONS. ON BASIS OF NUMEROUS REQUESTS OF TNC MEMBERS, US. OPENED MEETING WITH STATEMENT THAT "ADMINISTRATION HAS REASON TO BELIEVE THAT WE WILL HAVE TRADE REFORM ACT IN HAND BY END OF SEPTEMBER 1974." THIS SET POSITIVE TONE FOR SUBSEQUENT PROCEEDINGS. NUMEROUS DELS POINTED TO EVEN GREATER URGENCY OF MTNS NOW THAT AT TIME OF TOKYO DECLARATION, CITING

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CURRENT EC MEAT EMBARGO AS SYMPTOMATIC OF PROBLEMS

WHICH REQUIRE ACTION. FAFEGUARDS AND SECTORS GROUPS WILL MEET FOR FIRST TIME BEFORE NEXT TNC; FROUPS ON TROPICAL PRODUCTS, AGRICULTURE, AND NTBS WILL DO FURTHER WORK DURING SAME PERIOD. ON EACH ISSUE DISCUSSED, LDCS REITERATED NEED FOR SPECIAL AND PREFERENTIAL TREATMENT. TNC AGREED RECONVENE SECOND HALF OF OCTOBER, 1974, ON EXPECTATION THAT REAL NEGOTIATIONS COULD BEGIN AT THAT TIME. END SUMMARY

1. USDEL (AMBASSADOR MALMGREN) MADE STATEMENT THAT WE "HAVE REASON TO BELIEVE THAT WE WILL HAVE TRA IN HAND BY SEPTEMBER 1974" IN PRE-TNC SEVEN PLUS SEVEN GROUP, AT OPENING OF TNC, AND IN POST-TNC PRESS CONFERENCE (SEE SEPTTEL ON MALMGREN STATEMENT AND GATT PRESS RELEASE ON RESULTS OF MEETING).

2. LDCS AND NORDICS EMPHASIZED THAT, BECAUSE OF DETERIORATION OF ECONOMIC CONDITIONS, URGENCY FOR MTN HAS GROWN SINCE TIME OF TOKYO DECLARATION. RECENT UNILATERAL ACTIONS RESTRICTING IMPORTS, ESPECIALLY INCLUDING EC BEEF EMBARGO, WERE CITED AS EXAMPLES.

3. DEVELOPED COUNTRIES EMPHASIZED THAT DIRECTOR GENERAL LONG'S LIST OF QUESTIONS TO BE ADDRESSED IN THE FALL IS USEFUL CONTRIBUTION FOR STIMULATING PREPARATORY WORK IN CAPITALS WHILE NOTING THAT LIST IS STRICTLY INDICATIVE AND HAS NOT BEEN ADOPTED BY MEMBERS OF TNC. A GREAT NUMBER OF DEVELOPING COUNTRIES EMPHASIZED NEED FOR DIFFERENTIAL TREATMENT ON THEIR BEHALF TO TAKE INTO ACCOUNT DEVELOPMENT NEEDS. SOME LDC DELEGATIONS (NOTABLY ASEAN COUNTRIES) INDICATED EVENTS WERE SO PRESSING THAT THEY SAW NEED TO NEGOTIATE IN FALL EVEN IF SOME COUNTRIES STILL LACK MANDATES. FOLLOWING POINTS OF ANDEAN GROUP CHARACTERIZE LDC INTERVENTIONS: NON-RECIPROCITY FOR ALL PRODUCTS OF INTEREST TO LDCS, MAINTAIN OR IMPROVE GSP MARGINS IN FACE OF MFN TARIFF CUTS, ALLOW SOME LDC EXPORTS SUBSIDIES WITHOUT COUNTERVAILING DUTIES, GIVE SPECIAL ATTENTION TO LANDLOCKED LDCS, NON-APPLICATION OF QR'S TO LDCS, ESTABLISH AN ORGANIC LINK BETWEEN GATT AND UNCTAD. LIMITED OFFICIAL USE

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MOST ACTIVE LDCS WERE BRAZIL, INDIA, INDONESIA, ARGENTINA, MEXICO, PAKISTAN, NIGERIA, ROMANIA, YUGOSLAVIA. GUATEMALA PROPOSED ESTABLISHMENT WORKING PARTY TO STUDY MODALITIES OF LDC NEGOTIATIONS WITH DEVELOPED COUNTRIES, BUT WAS NOT SUPPORTED. GROUP ACCEPTED DIRGEN LONG'S INDICATIVE LIST AS USEFUL BASIS FOR WORK IN CAPITALS TO PREPARE FOR NEGOTIATIONS.

4. UNCTAD SECGEN COREA (INVITED AS OBSERVER) IN REMARKS TO TNC SAID MTN WAS URGENT MATTER FOR LDCS AND PLEDGED HIS ORGANIZATION'S ACTIVE SUPPORT. COREA REQUESTED DIRECT PARTICIPATION BY UNCTAD IN ALL MTN MEETINGS (AG GROUP AND SUB-GROUP LEVEL AS WELL AS TNC) AND THAT GATT SECRETARIAT PROVIDE UNCTAD WITH ALL MTN DOCUMENTS. EC, US, AND JAPAN MADE COORDINATED INTERVENTION THAT SUCH AUTOMATIC UNCTAD PARTICIPATION NOT IN KEEP-ING WITH MINISTERIAL UNDERSTANDING IN TOKYO AND THEREFORE QUESTION REQUIRED MINISTERIAL REVIEW. DECISION WAS CONSEQUENTLY POSTPONED ON BASIS ISSUE SHOULD BE DISCUSSED FURTHER INFORMALLY.

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5. YUGOSLAVIA, IN REACTION TO EC BEEF EMBARGO, PROPOSED TNC UNDERTAKE AN IMPARTIAL STUDY OF WORLD MEAT TRADE PROBLEMS AND POSSIBLE METHODS OF ENSURING ORDERLY MARKETING IN INTERNATIONAL MEAT TRADE. US JOINED HUNGARY, POLAND AND BULGARIA IN SUPPORT OF PROPOSAL TO STUDY PROBLEM.

US. NOTED THAT SIMILARLY CEREALS AND DAIRY ARE TWO SECTORS WHICH BECAUSE OF RECENT DEVELOPMENTS ARE LIKELY TO BECOME SUBJECTS OF DISCUSSION SOON AND MEMBERS OF TNC SHOULD BEGIN THINKING ABOUT THIS. EC EXPRESSED DOUBTS THAT MORE STATISTICAL WORK NEEDED ON MEAT AND ARGUED THAT ANY OTHER TYPE OF STUDY WOULD BE BEYOND SCOPE OF PREPARATORY AND ANALYTICAL WORK. AUSTRALIA AND NEW ZEALAND ALSO OPPOSED YUGOSLAV PROPOSAL, EXPRESSING CONCERN ABOUT TIMING OF SUCH A STUDY WHEN INTENSE BILATERAL NEGOTIATIONS ON MEAT PROBLEM ARE UNDER WAY. APPARENTLY IN LARGE PART DUE TO INFORMAL EC PRESSURE, YUGOSLAV DEL THEN WITHDREW PROPOSAL.

6. EXPORT RESTRICTIONS AND SUPPLY MANAGEMENT NOT DEBATED IN TNC SESSION, BECAUSE OF INDICATION IN INFORMAL TALKS IN LIMITED OFFICIAL USE

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SEVEN PLUS SEVEN GROUP AND ELSEWHERE THAT MAJOR CONFRONTATION WOULD QUICKLY DEVELOP. SUBJECT WILL BE TAKEN UP IN INFORMAL ATMOSPHERE OF SEVEN PLUS SEVEN TALKS SEPTEMBER-OCTOBER. LOND PROPOSED FURTHER REFLECTION BY GOVERNMENTS WITH VIEW TO DECIDING AT NEXT TNC MEETING "ON MOST APPROPRIATE WAY OF FURTHER EXPLORING THIS QUESTION."

7. GROUP ACCEPTED REPORTS OF WORKING GROUPS ON TARIFFS, NON-TARIFF BARRIERS, AGRICULTURE, AND TROPICAL PRODUCTS.

8. TNC MADE NO OBJECTIONS TO FOLLOWING LONG'S PROPOSALS FOR WORK PRIOR NEXT NTC MEETING:

(A) GATT SECRETARIAT WILL PREPARE PAPER ON EFFECTS OF MFN TARIFF REDUCTIONS ON GSP. MEXICO ASKED RECONVENING OF TARIFF GROUP TO EXAMINE THIS PAPER, BUT IT AGREED THAT GROUP WOULD MEET AGAIN ONLY IF A NUMBER OF DELS FELT COMPELLING NEED.

(B) AT INSISTENCE OF LDCS, NTB GROUP WILL RECONVENE TO DISCUSS BRAZILIAN PAPER ON DIFFERENTIATED TREATMENT ON SUBSIDIES AND COUNTERVAILING DUTIES (MTN:W/5, 11 JULY) US. DEL, WHILE AGREEING TO MEETING, STATED THAT SUBJECT AND US. APPROACH IS BROADER THAN LDC ASPECT OF QUESTION, AND ANY US. DISCUSSION WOULD BE IN BROADER CONTEXT. AUSTRALIA SUPPORTED US. VIEW. MARKS OF ORIGIN, GIVEN GREAT EMPHASIS BY JAPAN, WILL BE DEALT WITH AT LAATTR DATE IN COURSE OF NEGOTIATIONS. US. VOICED NO OBJECTION TO FUTURE EXAMINATION OF THIS PROBLEM AND INDICATED THAT JUST AS WE PREPARED CONSIDER OTHER PROBLEMS WE HOPE OTHER MEMBERS OF TNC WILL BE EQUALLY WILLING TO WORK ON PROBLEMS OF INTEREST TO US WHEN WE RAISE THEM.

(C) AGRICULTURE AND TROPICAL PRODUCTS GROUPS WILL

MEET TO CONTINUE UNFINISHED WORK DESCRIBED IN THEIR REPORTS
TO TNC.

(D) SECTORS GROUP WILL BE ACTIVATED TO STUDY
METHODOLOGY APPROPRIATE FOR SECTORAL NEGOTIATIONS;
US. AND MOST DELS SUPPORTED.

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(E) SAFEGUARDS GROUP WILL ALSO BE ACTIVATED TO
BEGIN TECHNICAL AND ANALYTICAL WORK ON A MULTILATERAL
SAFEGUARD SYSTEM. US. SUPPORTED. JAPAN ASKED SAFEGUARDS
WORK BE PREPARATORY ONLY AND THAT SERIOUS WORK BEGIN ONLY
AFTER OVERALL PICTURE OF NEGOTIATIONS BECOMES CLEARER.

9. GROUPS TO MEET ON FOLLOWING DATES:

OCT. 3 - 3(B), SUBSIDIES AND COUNTERVAILING DUTIES

OCT. 8-9 - 3(C), SECTORS
OCT. 10-11 - 3(E), AGRICULTURE
OCT. 15-16 - 3(F), TROPICAL PRODUCTS
OCT. 17-18 - 3(D), SAFEGUARDS

FULL TNC TO RECONVENE DURING LATER PART OF OCTOBER, WITH
EXACT DATE TO BE DETERMINED BY DIRGEN LONG IN CONSULTATION
WITH KEY DELS. EC REQUESTED PRECISE DATE BE LEFT LOOSE SO
EC OCTOBER CALENDAR OF INTERNAL MEETINGS COULD BE ACCOMMO-
DATED. FRENCH PRIVATELY INDICATED TO US. DEL THAT THIS
WAS TO ALLOW EC COUNCIL TO MEET IN OCTOBER ON EC MANDATE PRIOR
TO TNC.

10. COMMENT. US. OBJECTIVES FULLY ACHIEVED IN DEMONSTRATING
PROGRESS WHILE AVOIDING CONFRONTATION. IF TRADE BILL
ENACTED, STAGE IS SET FOR BEGINNING OF NEGOTIATIONS AT
TNC MEETING IN LATE OCTOBER. OTHER DELS EMPHASIZED
SPOTLIGHT IS ON US. TO PRODUCE TRADE BILL.DALE

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